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2019 FIRST QUARTER REPORT

To the Chicago Park District Board of Commissioners, Park District employees and Residents of the City of Chicago,

It is with great pleasure that I present the Chicago Park District Office of Inspector General's 2019 First Quarter Report and express my gratitude for the support of the Park District's administration and Commissioners. I would especially like to acknowledge the members of OIG's staff who have demonstrated their commitment to the mission of impartial government oversight and the evolving role of the office.

In the first quarter of 2019, OIG once again reported on a variety of matters unquestionably within the office's jurisdiction but very likely in contrast to the role initially foreseen for it by the Park District, at least as indicated by the resources dedicated to its staffing. OIG has only one full-time investigator and a compliance officer who also has an investigative caseload. OIG relies heavily on three part-time investigators. Not surprisingly, it's proven a challenge to retain qualified part-time investigators unless they have another source of income and benefits either in the form of a pension or a salary from other full-time employment.

As noted in our 2018 Fourth Quarter and Annual Report, the Park District has demonstrated a genuine commitment to independent oversight and the promotion of transparency. However, if it was once believed that OIG would be adequately staffed with mostly part-time investigators whose skillsets were best suited to surveillance-based employee misconduct cases (e.g., time falsification, residency violations), any objective review of the matters on which OIG has reported in the last few years compels that such notions be put to rest.

Although the Park District has a smaller budget and fewer employees than the City of Chicago and other sister agencies, it unquestionably has the same need in proportion for an office of inspector general equipped with the capacity and expertise to competently review varied and complex issues. OIG has proven adept at handling cases in all areas of its jurisdiction but not without significant strain. And the number of investigations and reviews OIG initiates reflects on the office's capacity to open additional matters and not from a lack of subject matter warranting its attention.

OIG's members are among a handful of Park District employees who directly report to the Board of Commissioners and provide assistance for its responsibilities in the "management and control of business and property of the Chicago Park District." The need for investment in robust oversight is self-evident: the Park District has more than 3,600 year-round employees (increasing to more than 7,500 employees during the summer months) and an annual budget of \$464 million. Further, the Park District transacts business with hundreds of vendors, contractors and service providers every year. In 2018, the Board of Commissioners approved approximately \$91 million in contracts with external entities.

OIG calls on the support of the Board of Commissioners for additional resources to hire personnel with the skillsets and experience necessary for the office to inhabit the scope of its mission to promote efficiency and prevent fraud, waste and abuse throughout the Park District.

Sincerely,

Will Fletcher

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Inspector General

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UPDATES ON PREVIOUSLY REPORTED MATTERS

A. FORMER MEMBER OF A PARK ADVISORY COUNCIL PLED GUILTY TO STEALING COUNCIL FUNDS; ORDERED TO MAKE RESTITUTION PAYMENTS

In the first quarter of 2019, a former park advisory council treasurer pled guilty in Cook County Circuit Court to using their position of trust to steal funds belonging to the council over a period of years. OIG referred its investigative findings to the Office of the Illinois Attorney General, which prosecuted the criminal case. The plea required the former treasurer to make restitution in the amount of \$10,000.

B. OIG RECOMMENDATIONS FROM PRIOR QUARTERLY REPORT STILL PENDING PARK DISTRICT'S RESPONSES

Significant recommendations from two investigations reported in OIG's 2018 Fourth Quarter and Annual Report are still awaiting responses from the Park District. Although the Park District has no obligation under the Park District Code to respond to OIG's recommendations, it has historically done so in a spirit of cooperation and its commitment to address misconduct, improve operations and revise or create policies where it determines that such actions are appropriate. The Park District hasn't indicated whether it intends to respond to the recommendations below.

1) Investigation involving a nonprofit group

Findings:

Several findings related to the operations of a nonprofit organization, an advisory council and Person 1, the leader of both organizations.

Recommendations:

- a) Permanently enjoin Person 1 from membership in all advisory councils;
- b) Demand that the nonprofit organization cease and desist fundraising activities in the name of the Chicago Park District;
- c) Reject all permit or partnership applications from the nonprofit organization (the Park District agreed to follow this recommendation on a temporary basis following OIG's recommendation in March 2018);
- d) Conduct periodic audits to confirm that designated nonprofits actually receive the required share of festival proceeds when special event permits are discounted. Further, enact procedures to verify that designated nonprofit organizations are nonprofit organizations in good standing;

e) Consider a referral of the nonprofit organization's operations to the Internal Revenue Service for its review; and

f) Consider a referral to the City of Chicago, Cook County and State of Illinois taxing authorities for review of whether the festivals and events affiliated with the nonprofit organization were subject to the collections of sales tax.

2) Hiring of Skilled Trades Employee Without Confirming Necessary Credentials

Findings:

a) A newly-hired skilled trades employee submitted false information in their 2017 job application; and

b) The Park District hired the employee without confirming that their completion of required training for the position.

Recommendations:

a) The skilled trades employee resigned shortly after their OIG interview. OIG recommended that the employee's resignation be classified as "resigned under inquiry" and that their name be placed on the Park District's "do not rehire" list;

b) That the Park District commit to verifying that new employees have the credentials and qualifications for the positions to which they are hired and that current employees have retained all required certifications; and

c) That the Park District audit whether current skilled trades employees in the same job have complied with the required training and experience for the position.

INVESTIGATIONS

1. EMPLOYEES COLLECTED CASH FOR SCRAP METAL SALES AND THE PARK DISTRICT NEVER RECEIVED THE PAYMENTS; PARK DISTRICT ENACTED NEW POLICIES IN RESPONSE TO INVESTIGATION

An OIG investigation established that several Park District employees in trades and landscape departments were selling Park District scrap metal for cash that the Park District never received. The proceeds amounted to \$64,000 in cash over nearly 300 transactions between 2012 and 2017.

Eleven employees in total sold Park District scrap for cash between November 2012 and March 2017. Two employees, however, accounted for the bulk of the cash transactions in that period, collecting \$44,000 that should have gone to the Park District. The Park District

policy on scrap metal has for years expressly directed employees to collect payment in the form of a check payable to the Park District.

During the period OIG reviewed, more than 75% of the proceeds from the Park District's scrap metal sales were paid in cash to employees. In comparison to the \$64,000 in missing cash payments, the Park District received only \$19,634 in payments by check.

OIG obtained hundreds of videos and images from the scrapyards that showed employees bringing in scrap on Park District vehicles while they were on the clock. The transactions were processed using the Park District's customer account and the images showed that employees collected cash payments.

In one of several instances, OIG obtained images that showed employees selling five loads of chairs taken from the Petrillo band shell in 2014. OIG matched the time-stamped photos of the transaction to Park District work orders to scrap the Petrillo band shell chairs. The employees took cash for four of the five transactions totaling \$2,139. In one transaction, the employees accepted a check payable to the Park District in the amount of \$425. The Park District never received any money from the cash transactions.

The two employees responsible for most of the transactions denied taking any of the money for themselves. They claimed to have given the cash to their now retired Foreman, and insisted that they didn't know what the Foreman did with the proceeds.

OIG recommended that the Park District terminate the employment of the two employees who collected most of the cash. OIG also recommended that the Park District review the scrap metal policy to implement best practices and instruct any scrapyard vendor with whom the Park District transacts business to make payments exclusively by check.

The Park District initiated termination proceedings for the two employees and has initiated disciplinary/termination proceedings for the other employees who took cash payments that the Park District never received.

The Park District has reviewed its policies and instituted new procedures with stronger safeguards and better tracking of scrap loads. While the new measures will make improvements, the Park District's policy for years was clear that employees were required to take payment for scrap metal by check, not in cash.

2. EMPLOYEES MISUSE OF PARK DISTRICT'S TAX-EXEMPT STATUS TO BUY PERSONAL ITEMS AT SAM'S CLUB

An OIG investigation showed that 24 Sam's Club members set up accounts using the Park District's tax-exempt status, which allows customers to purchase items without paying the applicable sales tax. Seventeen of the 24 members were current or former Park District employees, the remaining seven had never been employees. Tax-exempt purchases are only

permitted when the purchases are made for the Park District. Applying the Park District's tax exemption to personal purchases is sales tax evasion under Illinois law.

Three Park District supervisory employees used the tax exemption while purchasing thousands of dollars of items between 2015 and 2019, most of which was for personal use. The employees insisted that some of their purchases were for the Park District, each admitted that many of the items were for personal consumption, a misuse of the tax exempt status. The employees claimed to not know that their personal purchases were not being taxed; however, for each tax-exempt transaction, Sam's Club members were required at the point-of-sale to affirm that their purchase was "used in [the] operation of an exempt organization."

Between 2015 and March 2019, one supervisory employee purchased items totaling \$2,810 at Sam's Club tax-free, using the Park District's tax-exempt status. That employee also told OIG that they had purchased a television at Sam's Club tax-free on behalf of the park's advisory council.

Another supervisory employee purchased \$9,326 worth of items from Sam's Club between 2015 and 2019, the majority tax-exempt. The employee and their spouse were routinely purchasing household items, including beer, food, groceries, and laundry detergent.

A third supervisory employee purchased items in the amount of \$14,204 from Sam's Club between 2015 and 2019, most of which was tax-exempt. The employee's records showed that they were regularly applying the exemption to purchases of groceries, diapers, clothing, and other personal items.

OIG recommended appropriate discipline for the three employees who were the subjects of the investigation.

The recommendation is under advisement as the Park District considers appropriate actions for all of the employees who made unauthorized tax-free purchases at Sam's Club.

The investigation also showed that the Park District's Illinois Department of Revenue's tax-exempt letter was widely accessible and vulnerable to abuse. OIG recommended that the Park District restrict access to the tax-exempt letter.

The Park District followed the recommendation.

OIG also recommended that the Park District:

- request Sam's Club to invalidate the 24 customer accounts associated with its tax-exempt status;
- require the three employees to retroactively pay the Illinois Department of Revenue all sales taxes owed from their Sam's Club purchases;

- restrict use of its tax-exempt letter to employees that it determines should have access to it and develop policies indicating the proper use of the tax-exempt certificate and as well as further training about making tax-exempt purchases; and
- determine whether and to what extent the advisory council that supposedly bought a television has been using the Park District's tax-exempt status to make purchases.

The Park District has not responded to these four recommendations.

3. PARK DISTRICT HIRED ADMINISTRATIVE EMPLOYEE WITHOUT VERIFYING REQUIRED BACHELOR'S DEGREE; EMPLOYEE DID NOT HAVE THE DEGREE

An OIG investigation established that a full-time administrative employee was hired in the first quarter without demonstrating proof of a Bachelor's degree. A Bachelor's degree is a minimum qualification for the specific position to which the employee was hired. OIG confirmed that the employee did not meet the requirement although they claimed to have a Bachelor's degree on their job application.

OIG initiated its hiring investigation following several complaints in the first quarter of 2019 about new Park District hires. During a review of recently hired personnel, OIG flagged questionable statements on the administrative employee's application about their education. OIG confirmed with the employee's university that they were formerly enrolled but had not received a degree.

To ensure that it wouldn't be necessary to conduct an investigation after the employee started work, OIG alerted Human Resources to the fact that the candidate did not have a degree three weeks before the employee's start date. Nevertheless, the employee was hired and began working for the Park District.

In addition to OIG's outreach to Human Resources, there were several red flags in the candidate's application materials that appeared to have been overlooked, including an incomplete transcript with no date of conferral and an application that listed the employee's conferral date as "01/9999."

There is no indication that the Park District attempted to verify that the employee had completed the required degree.

OIG found that the selected administrative employee had very limited relevant job experience. By contrast, other applicants in the same hiring round included managers and specialists in the public and private sectors. All claimed to have Bachelor's degrees. OIG's review of other candidates' applications suggested that the administrative employee's comparatively limited experience was insufficient to justify a waiver of the educational requirement.

OIG recommended that the administrative employee be terminated from Park District employment. The employee resigned.

4. EMPLOYEE FALSELY CERTIFIED FRIEND'S COMMUNITY SERVICE

An OIG investigation revealed that a Park District employee submitted documents to a downstate Illinois county court, falsely certifying that a friend had completed court-ordered community service. The employee misrepresented their own position on the document and falsely claimed that their friend had completed their service at the Park District.

The employee's friend had been sentenced to 100 hours of community service following a guilty plea to theft and forgery. In November 2018, the employee submitted forms by fax certifying, as a "Supervisor," that their friend had completed the service at the Park District.

Under its policies, offenders are not allowed to perform court-ordered community service at the Park District.

The employee admitted to submitting false information to the county court implicating the Chicago Park District.

OIG recommended that the Park District take the disciplinary measures it determined was appropriate. The employee was terminated.

QUARTERLY INFORMATION

Investigations by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	20				
Closed	7				
Pending	18♦				

♦ Includes carry-over from 2018. Pending case numbers were revised from last quarterly report because closed cases were erroneously keyed into OIG's new case management application as active investigations during data migration.

Reviews by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	2				
Closed	6				
Pending	1♦				

♦ Includes carry-over from 2018.

Nature of Investigations and Reviews Initiated by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Criminal Misconduct or Fraud	3				
Waste, Inefficiency, Compliance, Advisories	3				
Other Rule, Code, Ordinance Violations	16				

Audits by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Opened	1				
Closed	1				
Pending	4♦				

♦ Includes carry-over of four audits from 2018.

Investigated Parties by Quarter

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2018 Total
Officers	0				
Employees	22				
Other (Agents, concessionaires contractors, other parties, unknown)	5				

Internal Assists Performed by Quarter♦

Department	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2019 Total
Human Resources	59				
Purchasing	4				
Community Recreation	1				
Law	1				

♦ Internal Assists are OIG responses to Department requests for information, analysis and other assistance.

Cases Pending Over Six Months

[5]

Reasons:

Complex investigation (generally involve difficult issues or multiple subjects): 2

Available time and resources: 3

HIRING COMPLIANCE MONITORING ACTIVITY – FIRST QUARTER 2019

OIG reviews and monitors the Park District’s hiring and assignment determinations from the quarter to ensure that the actions taken comply with the Employment Plan. OIG reports on its compliance monitoring activities in each its quarterly reports.

1. Monitoring Contacts by Hiring Departments

OIG reviews all reported or discovered instances where hiring departments contacted Human Resources to lobby for or advocate on behalf of actual or potential applicants or bidders for positions that are covered by the Employment Plan or to request that specific individuals be added to any referral or eligibility list for upcoming jobs at the Park District.

Human Resources did not report any improper contacts by hiring departments for the first quarter of 2019. Since OIG started reporting the Park District’s hiring compliance monitoring activity, Human Resources has never reported any improper contacts by hiring departments.

2. Review of Exempt List Modifications

OIG reviews the Park District’s adherence to exemption requirements and modifications to the list of job titles and number of positions that are Exempt from the Employment Plan procedures.

The following modifications to the Exempt List were approved in the first quarter of 2019:

Positions added to the Exempt List (0)

Positions removed from the Exempt List (0)

3. Review of Exempt Management Hires

Human Resources reported no Exempt hires made during the first quarter of 2019.

4. Review of Written Rationales

OIG reviews written rationales when no consensus selection (no one from the approved candidate pool was selected) was reached during a consensus meeting.

Human Resources did not submit any “no consensus” letters during the first quarter of 2019. The last “no consensus” letter OIG received was in 2015 when the Park District was still under the federal *Shakman* decree.

5. Review of Emergency Appointments

OIG reviews circumstances and written justifications for any emergency hires made pursuant to the Personnel Rules of the Park District Code.

Human Resources reported no emergency appointments during the first quarter of 2019. Human Resources has never reported an emergency appointment.

6. Review of “Acting Up” Activity

OIG reviews all circumstances where employees are “acting up” (performing all or substantially all of the duties of an employee in a higher-paid classification). Activity in the first quarter of 2019 showed that 12 employees were “acted up” during the quarter and 8 employees who had been in “acting up” status were placed back in their positions.

Acting Up Activity – First Quarter 2019

Position	First Quarter	
	Acted up	Reversed
Community Recreation		
Physical Instructor (M)	2	2
Playground Supervisor	2	2
Operations		
Security Guard	2	2
Laborer Foreman	1	1
Natural Areas Worker	3	0
Gardener	2	1
Executive Office		
Total	12	8

7. Hiring Sequence Audits of Previous Quarter (Q4 2018)

OIG audited a random sample of three Park District hires from the fourth quarter of 2018 for compliance with the Employment Plan.

The results from the audits completed in this quarter identified non-compliance with the Plan.

The following hiring sequences from Q4 2018 were audited:

#4072 Application Development Manager (IT Department) – Non-compliance with Plan identified.

- Applicants: 7
- Qualified candidates: 5
- Candidates interviewed: 3. The Employment Plan requires a minimum of 5 candidates to be interviewed. Human Resources has indicated that this requirement is not feasible for certain positions. OIG is open to a revision and suggests that an amendment to the Plan is more favorable than tolerating non-compliance with it.

#4056 Project Manager – Non-compliance with Plan identified.

- Applicants: 15
- Qualified candidates: No list of qualified candidates
- Candidates interviewed: 3. The Employment Plan requires a minimum of 5 candidates to be interviewed.
- Other: Job position required a Bachelor's degree. The winning candidate had no degree. The Park District stated that the candidate had unique qualifications that justified waiving the educational requirement.
- Note: The winning candidate appeared to be pre-selected to run a special Park District project. In fact, the candidate had previously been an employee of a nonprofit working on the same project at the same Park District site. In other words, the candidate was doing the same job for the nonprofit that they are now doing for the Park District. The candidate was hired in November 2018 and received an 18% raise in January 2019.

The Park District stated that the candidate's unique qualifications made them ideal for the position. If so, the candidate should have been hired directly and their position should have been added to the Exempt List (it was not a position under a collective bargaining agreement). Instead, a hiring round was held with other candidates in what was ostensibly a competitive process but was most likely targeted for a specific candidate.

#4092 Marketing Assistant – Compliance with Plan unknown due to lack of information

- Applicants: 179
- Qualified candidates: Unknown
- Candidates interviewed: Unknown
- Note: Human Resources did not produce materials about this hiring round in response to OIG's requests.